

**LOUISIANA CRISIS ASSISTANCE CENTER**

**FINANCIAL STATEMENTS  
AND  
AUDITOR'S REPORT**

**DECEMBER 31, 2012**

**LOUISIANA CRISIS ASSISTANCE CENTER**

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# Justin J. Scanlan, C.P.A., T.T.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Louisiana Crisis Assistance Center

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Louisiana Crisis Assistance Center (a non-profit organization), which comprise the statement of the financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Crisis Assistance Center as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Louisiana Crisis Assistance Center's 2011 financial statements, and our report dated June 12, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2013, on our consideration of Louisiana Crisis Assistance Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Crisis Assistance Center's internal control over financial reporting and compliance.

*Justin J. Scanlon, CPA, LLC*

New Orleans, Louisiana  
May 15, 2013

**LOUISIANA CRISIS ASSISTANCE CENTER**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2012**

**ASSETS**

**SUMMARIZED  
COMPARATIVE  
INFORMATION  
DECEMBER 31, 2011**

Cash	\$ 481,203	\$ 553,575
Investments (Notes A5 and B)	607,072	607,167
Grant receivable (Notes A4 and C)	99,859	-
Land, property, and equipment-at cost (Notes A6 and D)	370,899	391,082
Deposits	<u>5,850</u>	<u>5,850</u>
Total assets	<u>\$ 1,564,883</u>	<u>\$ 1,557,674</u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued liabilities	\$ 44,370	\$ 40,587
Pension contribution payable	<u>40,187</u>	<u>46,828</u>
Total liabilities	<u>84,557</u>	<u>87,415</u>
Net assets		
Unrestricted	1,410,724	1,319,039
Temporarily restricted (Note E)	<u>69,602</u>	<u>151,220</u>
Total net assets	<u>1,480,326</u>	<u>1,470,259</u>
Total liabilities and net assets	<u>\$ 1,564,883</u>	<u>\$ 1,557,674</u>

The accompanying notes are an integral part of this financial statement.

# LOUISIANA CRISIS ASSISTANCE CENTER

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2012

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2011
<b>REVENUE</b>				
Grants and fees	\$ -	\$ 1,293,463	\$ 1,293,463	\$ 1,300,835
Contributions	23,374	-	23,374	36,354
Interest income	55	-	55	141
Other	102,800	-	102,800	110,400
Net assets released from restrictions	1,375,081	< 1,375,081 >	-	-
Total revenues	<u>1,501,310</u>	<u>&lt; 81,618 &gt;</u>	<u>1,419,692</u>	<u>1,447,730</u>
<b>EXPENSES</b>				
Salaries	803,743	-	803,743	975,847
Fringe benefits	178,644	-	178,644	203,932
Travel	37,100	-	37,100	31,338
Litigation expense	89,558	-	89,558	43,356
Occupancy expense	137,557	-	137,557	138,406
Office expense	62,623	-	62,623	59,228
Postage	4,471	-	4,471	4,312
Professional fees	13,556	-	13,556	17,703
Training	3,139	-	3,139	1,389
Vehicle expense	43,292	-	43,292	37,572
Depreciation	20,183	-	20,183	21,617
Other	15,759	-	15,759	12,106
Total expenses	<u>1,409,625</u>	<u>-</u>	<u>1,409,625</u>	<u>1,546,806</u>
Increase < decrease > in net assets	91,685	< 81,618 >	10,067	< 99,076 >
Net assets, beginning of year	<u>1,319,039</u>	<u>151,220</u>	<u>1,470,259</u>	<u>1,569,335</u>
Net assets, end of year	<u>\$ 1,410,724</u>	<u>\$ 69,602</u>	<u>\$ 1,480,326</u>	<u>\$ 1,470,259</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA CRISIS ASSISTANCE CENTER**

**STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2012**

**SUMMARIZED  
COMPARATIVE  
INFORMATION  
For the year ended  
December 31, 2011**

Increase <decrease> in cash and cash equivalents

Cash flows from operating activities:

Increase <decrease> in net assets	\$ 10,067	\$ < 99,076>
Adjustments to reconcile increase <decrease> in net assets to net cash provided by <used in> operating activities:		
Depreciation	20,183	21,617

Changes in assets and liabilities:

<Increase> decrease in grant receivable	< 99,859>	98,691
<Increase> decrease in other receivable	-	13,138
Increase <decrease> in accounts payable and accrued liabilities	3,783	18,815
Increase <decrease> in pension contribution payable	<u>&lt; 6,641&gt;</u>	<u>18,396</u>
Net cash provided by <used in> operating activities	<u>&lt; 72,467&gt;</u>	<u>71,581</u>

Cash flows from investing activities:

Proceeds from sale of investment	150	300
Purchase of investments	<u>&lt; 55&gt;</u>	<u>&lt;141&gt;</u>
Net cash provided by investing activities	<u>95</u>	<u>159</u>

Net increase <decrease> in cash and cash equivalents	< 72,372>	71,740
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Cash and cash equivalents, beginning of year	<u>553,575</u>	<u>481,835</u>
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Cash and cash equivalents, end of year	<u>\$ 481,203</u>	<u>\$ 553,575</u>
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The accompanying notes are an integral part of this financial statement.

## **LOUISIANA CRISIS ASSISTANCE CENTER**

### **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**1. Nature of Activities**

The Louisiana Crisis Assistance Center is a nonprofit organization committed to provide quality legal representation of indigent people facing the death penalty in Louisiana.

**2. Financial Statement Presentation**

The financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958. Accordingly, the net assets of the corporation are reclassified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that the organization maintains them permanently. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets.

**3. Revenue Recognition**

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as “net assets released from restrictions”.

Grant revenue is recognized as it is earned in accordance with approved contracts.



**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2012**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**4. Receivables**

The corporation considers accounts receivable to be fully collectible since the balance consists primarily of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

**5. Investments**

Under FASB ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains or losses are included in the change in net assets.

**6. Property, Building and Equipment**

The Louisiana Crisis Assistance Center records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. The depreciation expense for the year ended December 31, 2012 totaled \$20,183.

It is the policy of the corporation to capitalize all property, furniture and equipment with an acquisition cost in excess of \$5,000.

**7. Cash equivalents**

For purposes of the statement of cash flows, the corporation considers all demand deposit accounts and investments with original maturities of three months or less to be cash equivalents.

**8. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**9. Fair Values of Financial Instruments**

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2012**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**10. Functional Allocation of Expenses**

The expenses of providing the program and other activities have been summarized on a functional basis in Note H. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

**11. Subsequent Events**

The subsequent events of the corporation were evaluated through the date the financial statements were available to be issued (May 15, 2013).

**12. Summarized Comparative Information**

Summarized comparative information is presented only to assist with financial analysis. Data in these columns do not present financial position or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE B – INVESTMENTS**

Investments, cost and approximate market value at December 31, 2012, consist of the following:

	<b><u>Fair Market Value</u></b>	<b><u>Cost</u></b>
Money market fund	<u>\$ 607,072</u>	<u>\$ 607,072</u>

**NOTE C - GRANT RECEIVABLE**

Grant receivable at December 31, 2012 consists of the following:

Louisiana Public Defender Board	<u>\$ 99,859</u>
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**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2012**

**NOTE D – LAND, PROPERTY, AND EQUIPMENT**

Land, property and equipment at December 31, 2012 consist of the following:

Building	\$ 95,426
Building improvements	346,562
Equipment	49,260
Transportation equipment	<u>17,924</u>
	509,172
Less accumulated depreciation	<u>&lt; 198,273 &gt;</u>
	310,899
Land	<u>60,000</u>
	<u>\$ 370,899</u>

**NOTE E – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2012 consist of the following:

State of Louisiana – Public Defender Board	<u>\$ 69,602</u>
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**NOTE F – INCOME TAXES**

The Louisiana Crisis Assistance Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Louisiana Crisis Assistance Center has adopted the provisions of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Louisiana Crisis Assistance Center does not believe its financial statements include any uncertain tax positions.

**NOTE G - BOARD OF DIRECTORS COMPENSATION**

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2012.

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2012**

**NOTE H – FUNCTIONAL EXPENSES**

The functional expenses for the year ended December 31, 2012 consist of the following:

Program services	
Indigent defense services	\$ 1,215,644
Supportive services	
Management and general	<u>193,981</u>
Total expenses	<u>\$ 1,409,625</u>

**NOTE I – FAIR VALUE MEASUREMENT**

FASB ASC 820-10, Fair Value Measurement, requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope are included in the table below.

**Fair Value Measurement of Reporting Date**

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	<u>\$ 607,072</u>	<u>\$ 607,072</u>	<u>\$ -</u>	<u>\$ -</u>

The assumptions to estimate fair values are as follows:

The fair market value of marketable securities are based on quoted market prices for those or similar investments.

The fair value of cash and cash equivalents, accounts payable and accrued liabilities are carried at amounts that approximate book value at December 31, 2012 due to the short-term nature of these accounts.

**NOTE J – RETIREMENT PLAN**

The Corporation sponsors a defined contribution pension plan covering all employees. The corporation decides the amount, if any, to contribute each year based on a percentage of annual compensation. The percentage for the year ended December 31, 2012 was 5%, the same as the prior year, or \$42,184.

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2012**

**NOTE K - CONCENTRATION OF CREDIT RISK**

As of December 31, 2012, the corporation's cash balances consist of the following:

Cash balance, per bank statements	\$ 1,094,555
Less: FDIC insurance	< 487,484>
SPIC insurance	<u>&lt; 500,000&gt;</u>
Unsecured balances	<u>\$ 107,071</u>

The Louisiana Crisis Assistance Center invests in money market funds. Investments are subject to various risks; such as interest rate, credit and overall market volatility risk.

**NOTE L- ECONOMIC DEPENDENCY**

The Louisiana Crisis Assistance Center received the majority of its revenue from funds provided by the State of Louisiana Public Defender Board. The contract amounts are appropriated each year by the state government. If significant budget cuts are made at the state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporation's support through state contracts totaled 85% for the year ended December 31, 2012.

# Justin J. Scanlan, C.P.A., T.T.C.

A LIMITED LIABILITY COMPANY

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NEW ORLEANS, LOUISIANA 70122

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

### **Independent Auditor's Report**

Board of Directors  
Louisiana Crisis Assistance Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Crisis Assistance Center (a non-profit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Louisiana Crisis Assistance Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Crisis Assistance Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Crisis Assistance Center's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. The significant deficiency is listed as item 2012-1.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Crisis Assistance Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Response to Findings

Louisiana Crisis Assistance Center's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Louisiana Crisis Assistance Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

New Orleans, Louisiana  
May 15, 2013

*Justin J. Scanlon, CPA, LLC*

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**SCHEDULE OF FINDINGS AND RESPONSES**

**For the year ended December 31, 2012**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**SIGNIFICANT DEFICIENCIES**

**2012-1. Segregation of Duties**

**Condition:** The office manager is responsible for all accounting functions. In addition, the office manager is an authorized signer on its cash accounts.

**Criteria:** The accounting functions should be performed by a few individuals to assure a proper segregation of duties. Also, the office manager should not be an authorized signer.

**Effect:** The organization is unable to assure that its assets are properly safeguarded.

**Questioned Costs:** Not applicable.

**Recommendation:** The Board of Directors should be involved in the accounting function by the review of monthly financial statements. Dual signatures should be implemented for cash disbursements over \$5,000, and the authorized signers should not be involved in the daily accounting functions.

**Response:** See Correction Action Plan.

**B. COMPLIANCE AND OTHER MATTERS**

There were no compliance and other matters noted for the year ended December 31, 2012.

**C. QUESTIONED COSTS**

There were no questioned costs for the year ended December 31, 2012.

**D. STATUS OF PRIOR YEAR AUDIT FINDINGS**

<u>Significant Deficiencies</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Audit Findings</u>
2011-1. Segregation of Duties		X	2012-1



# Louisiana Capital Assistance Center

*A Non-Profit Law Office*

## **CORRECTION ACTION PLAN**

### **2012-1. Segregation of Duties**

Implementation of prior year audit finding 2011-1 was significantly delayed due to ongoing office case work.

What is now audit finding 2012-1 was addressed in 2013 as follows:

The LCAC Board Members held a meeting on March 6, 2013 and will continue to be provided monthly financial statements for review.

The Board of Directors passed a resolution on March 6, 2013 providing for:

- the Office Manager, Kim Watts, to be removed as an authorized signer on cash accounts;
- a single signer for cash accounts be authorized for disbursements no greater than \$5,000;
- a requirement for dual signatures for cash disbursements over \$5,000.

The Board of Directors confirmed the Executive Director as an authorized signer on cash accounts and provided as a second authorized signer Board Secretary Tom Lowenstein, who is not involved in the daily accounting functions.